

The InvestLease

The **InvestLease** is an agreement entered into by the bank (Lessor) and the client (Lessee) whereby the bank agrees to let the client use a specific asset for an agreed period of time. In return for the benefits of using the asset, the client agrees to pay to the bank periodic rentals.

The Investlease is the latest financial solution from Investrust Bank Plc to enable clients manage vehicle and asset financing problems.

Key Features of the InvestLease

- The lease is for a primary period not exceeding 36 months. However, a secondary period of at least 12 months could be entered into at the end of the primary period.
- The facility is for a fixed, moveable and identifiable asset and usually qualifying for capital allowances under the Income Tax Act of 1994 (as amended).
- At the end of the primary period, the asset will be disposed off and the client allowed to buy the asset via a third party sale by the bank.
- Legal ownership of the asset will remain with the bank during the entire lease period.
- The customer (Lessee) will bear the cost of installation and the running cost of the asset such as maintenance and insurance

Why obtain an InvestLease?

- By the bank having paid for the cost upfront and you paying periodic amounts, the Investlease helps improve your working capital due to savings.
- The InvestLease offers tax benefits as lease rentals are tax deductible
- The lease arrangements are flexible and can be tailored to meet your unique cashflow problems and are available in both USD and

ZMK depending on the currency of the client's income streams.

- Since the rentals are agreed from the outset, it enables you to budget and plan your cash flows

Lease Amount.

The minimum amount is K50 million with an upper limit of K3 billion. The lower limit for the dollar is \$20,000 whilst the upper limit is \$1,000,000.00. The bank finances including Value Added Tax (VAT) and claims VAT from the client through periodic rentals.

Lease Rentals

The customer is expected to pay lease rentals for use of the asset to the Bank on a periodic basis depending on the cash flows of the client.

The lease rental is calculated as rate per 1000 and not interests as leasing is not the lending of money but letting of assets. The rate per 1000 is computed based on the ruling base rate, the Income Tax Act and the corporation tax and VAT rate.

Should there be movements in the above, the bank may review the lease rentals.

Key Factors to qualify for an InvestLease

- The nature and risk of the business,
- The cash flow projections and ability to repay the lease rentals,
- The nature of the assets being purchased,
- Customers' contribution and additional security offered, and
- Relationship with Investrust Bank plc.

Type of assets financed

Assets under the InvestLease must be fixed, movable, identifiable by serial number and must qualify for Capital Allowances under the Income Tax Act 1994 (as amended). Under this broad classification will fall the following:

- Agricultural and farming equipment,
- Trucks and trailers,
- Passenger buses and aircraft,
- Computer equipment, and outboards,

- Mining equipment,
- Motor vehicles (commercial and non commercial), and
- Production assets and qualifying fixtures and fittings.

The InvestLease will not finance permanent structures such as buildings or fixtures of immovable type or those with useful lives exceeding 5 years.

Security

Although the purchased asset will provide security itself, additional security may be requested depending on the risk of the business. All the leased and pledged assets must comprehensively insurance with Investrust Bank Plc noted as first Loss payees.

What happens at the end of the Primary Period?

The Investlease is so designed as to ensure that the asset is transfer to the client through a third party sale. This will normally attract a nominal fee.

Interested in Obtaining the Investlease?

Visit our Head Office or contact us on the details below. Our officers will be on hand to meet with you and discuss with you our vehicle and asset finance solutions available.

Head Office

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